Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT
To The Board of Directors of R SYSTEMS, INC.
Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **R SYSTEMS, INC.** ("the Parent") and its subsidiary company, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Statement of Financial Position as at December 31, 2020, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), of the consolidated state of affairs of the Group as at December 31, 2020, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with IFRS as issued by the IASB.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the companies covered in the Group.

Auditor's Responsibility for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

Jitendra Agarwal

JITENDRA AGARWAL
Partner
(Membership No. 87104)
(UDIN: 21087104AAABC4939)

Place: New Delhi
Date: February 16, 2021

R Systems, Inc.
Consolidated Statement of Financial Position as at December 31, 2020

(Amount in USD)

Particulars	Notes	As at December 31, 2020	As at December 31, 2019
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	3a	956,010	631,751
(b) Right-of-use assets	3b	51,107	234,008
(c) Goodwill	3c	-	1,443,597
(d) Other intangible assets	3d	600,623	786,702
(e) Financial assets			
(i) Other financial assets	4	486,776	720,000
(f) Deferred tax assets (net)	5	441,669	132,278
(g) Other non-current assets	6	-	6,126
Total non-current assets (A)		**2,536,185**	**3,954,462**
B. Current assets			
(a) Financial assets			
(i) Trade receivables	7	3,514,518	3,831,992
(ii) Cash and bank balances	8	6,648,764	4,863,388
(iii) Other financial assets	4	381,583	461,093
(b) Current tax assets (net)		261,851	40,217
(c) Other current assets	6	172,439	218,660
Total current assets (B)		**10,979,155**	**9,415,350**
Total assets (A+B)		**13,515,340**	**13,369,812**
EQUITY AND LIABILITIES			
A. Capital and reserve			
(a) Share capital	9	1,537,401	1,537,401
(b) Retained earnings	10	6,590,602	7,654,238
Total capital and reserve (A)		**8,128,003**	**9,191,639**
B. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	11	826,615	-
(ii) Other financial liabilities	12	612,215	1,628,054
		1,438,830	**1,628,054**
C. Current liabilities			
(a) Financial liabilities			
(i) Trade payables	13	1,607,132	1,435,715
(ii) Borrowings	11	1,473,562	-
(iii) Other financial liabilities	12	112,691	300,386
(b) Provisions	14	730,971	655,712
(c) Other current liabilities	15	24,151	158,306
Total current liabilities (B)		**3,948,507**	**2,550,119**
Total equity and liabilities (A+B)		**13,515,340**	**13,369,812**

Notes forming integral part of the consolidated financial statements 1-30

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
Place: New Delhi
Date : February 16, 2021

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of R SYSTEMS, INC.

SATINDER SINGH REKHI
Director

Place: Singapore
Date : February 16, 2021

R Systems, Inc.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2020

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from operations	16	23,629,463	25,811,521
Cost of revenues	20	(18,991,145)	(20,171,545)
Gross profit		**4,638,318**	**5,639,976**
Other income	17	131,515	176,903
Depreciation and amortisation expense	18	(504,151)	(503,593)
Finance costs	19	(192,012)	(171,998)
Selling general and administrative expenses	20	(5,054,836)	(5,374,570)
Loss before tax and exceptional items (A)		**(981,166)**	**(233,282)**
Exceptional items (net) (B)	21	252,356	-
Loss before tax [C = (A-B)]		**(1,233,522)**	**(233,282)**
Income tax expense / (credit) (D)	22	(169,886)	21,523
Loss for the year (C-D)		**(1,063,636)**	**(254,805)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(1,063,636)**	**(254,805)**

Notes forming integral part of the consolidated financial statements 1-30

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
Place: New Delhi
Date : February 16, 2021

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
R SYSTEMS, INC.

SATINDER SINGH REKHI
Director

Place: Singapore
Date : February 16, 2021

R Systems, Inc.

Consolidated Statement of Cash Flows for the year ended December 31, 2020

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Cash flows from operating activities:		
Loss for the year	**(1,063,636)**	**(254,805)**
Adjustments for:		
Income tax expense / (credit)	(169,886)	21,523
Depreciation and amortisation expense	504,151	503,593
Loss on sale / discard of asset	-	111
Loss on sale / discarding of property, plant and equipment (net)	22,902	53,328
Liability no longer required written back	(560)	-
Interest accrued on borrowings	15,277	-
Impairment of Goodwill (refer to Note 21)	1,443,597	-
Other fair value gain on contingent consideration (refer to Note 21)	(1,191,241)	-
Interest expense on lease liability	7,764	16,723
Interest on fair value of contingent consideration	168,971	155,275
Interest income	(57,239)	(116,467)
Profit on discard of right-of-use assets	(31,467)	-
Operating profit before working capital changes	**(351,367)**	**379,281**
Changes in operating assets and liabilities:		
(Increase) / Decrease in trade receivables	294,572	76,279
(Increase) / Decrease in other financial assets and other assets	35,506	147,342
Increase / (Decrease) in trade and other payables, other financial liabilities and other liabilities	58,004	(124,188)
Increase / (Decrease) in provisions	75,259	103,822
Cash generated from operations	111,974	582,536
Taxes paid, net of refunds	(361,139)	(242,635)
Net cash flows from operating activities	**(249,165)**	**339,901**
Cash flows from investing activities:		
Investment in bank deposits	(1,165,000)	(3,980,000)
Proceeds from bank deposits	3,749,000	5,168,000
Acquisition of subsidiary (net of cash and cash equivalents acquired amounting to USD 238,703)	-	(1,134,454)
Proceeds from loan receivable	67,848	114,560
Interest received on loan receivable	7,152	10,441
Interest received from bank deposits	71,814	110,767
Purchase of property, plant and equipment	(517,841)	(468,833)
Proceeds from sale of property, plant and equipment	-	4,802
Net cash used in investing activities	**2,212,973**	**(174,717)**
Cash flows from financing activities:		
Proceeds from long-term borrowings	2,284,900	-
Payment of lease liabilities	(119,332)	(169,274)
Net cash used in financing activities	**2,165,568**	**(169,274)**
Net increase / (decrease) in cash and bank balances	4,129,376	(4,090)
Cash and bank balances at the beginning of the year	1,354,388	1,358,478
Cash and bank balances at the end of the year (refer to Note 8)	**5,483,764**	**1,354,388**

Notes forming integral part of the consolidated financial statements 1-30

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
Place: New Delhi
Date : February 16, 2021

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of R SYSTEMS, INC.

SATINDER SINGH REKHI
Director

Place: Singapore
Date : February 16, 2021

R Systems, Inc.
Consolidated Statement of Changes in Equity as at December 31, 2020

(Amount in USD)

Particulars	Share capital	Retained earning	Total
Balance as at January 1 2019	1,537,401	7,909,043	9,446,444
Loss for the year	-	(254,805)	(254,805)
Balance as at December 31, 2019	**1,537,401**	**7,654,238**	**9,191,639**
Loss for the year	-	(1,063,636)	(1,063,636)
Balance as at December 31, 2020	**1,537,401**	**6,590,602**	**8,128,003**

Notes forming integral part of the consolidated financial statements 1-30

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104
Place: New Delhi
Date : February 16, 2021

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
R SYSTEMS, INC.

SATINDER SINGH REKHI
Director

Place: Singapore
Date : February 16, 2021

1. General information

R Systems, Inc. (the 'Company') and its subsidiary Innovizant LLC (the 'Innovizant') (hereinafter collectively referred to as the Group) is a wholly owned subsidiary of R Systems International Limited (RSIL) a company incorporated in India. The Company was incorporated under the laws of the State of California on March 9, 1993.

Innovizant LLC, (100% membership interest held by RSI) is a wholly owned subsidiary of the Company.

The address of the registered office of the Company is 5000, Windplay Drive, Suite # 5, El Dorado Hills, Sacramento, California, USA, 95762.

The Group provides IT staffing and consulting services for customers primarily in USA geographies.

The consolidated financial statements were authorized for issuance by the Company's Board of Directors on February 16, 2021.

2. Summary of Significant Accounting Policies

a) Statement of compliance

The consolidated financial statements as at and for the year ended December 31, 2020 have been prepared in accordance with International Financial Reporting Standards and its interpretations ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The Group has consistently applied accounting policies to all periods.

b) Basis of preparation

The consolidated financial statements of the Group have been prepared on an accrual and going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except where otherwise described in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an assets or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16.

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

c) Basis of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under IFRS 10 Consolidated Financial Statements.

The consolidated financial statements include the financial statements of R Systems Inc. and its wholly owned subsidiary Innovizant LLC (as explained in note 1 above).
The consolidated financial statements are prepared using uniform accounting policies for like

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R SYSTEMS, INC.

transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

The principal accounting policies adopted by the Group are set out below.

d) Business combination, Goodwill and Intangible assets

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

a. Goodwill

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the excess is negative, a bargain purchase gain is recognised in capital reserve.

b. Intangible assets

IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

e) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'unbilled revenue' and 'unearned revenue', however the Standard does not prohibit an entity from using alternative descriptions in the consolidated statement of financial position. The Group has not adopted the terminology used in IFRS 15 to describe such balances.

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R SYSTEMS, INC.

The Group recognizes deferred revenue for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either unbilled revenue or trade receivables in the consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

IT staffing and consultancy services

The Group recognizes revenue from IT staffing and consultancy services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The output method recognizes revenue on the basis of direct measurements of the value to the customer of services transferred to date, relative to the remaining services promised under the contract.

f) Functional currency

The consolidated financial statements of the Group are presented in USD which is the currency of the primary economic environment in which the Group operates.

g) Foreign currencies

Transactions in currencies other than functional currency are recognised, on initial recognition, at exchange rates prevailing at the date of the transaction. At the balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in consolidated statement of profit or loss.

h) Taxation

The tax expense comprises the sum of the tax currently payable by the Group and deferred tax.

Current tax

Current taxes are based on the taxable profit for the year of the Group and are calculated according to local tax rules, using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognized on temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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R SYSTEMS, INC.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

i) Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses, arising from derecognition of an item of property, plant and equipment, are measured as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit and loss when the item is derecognised.

Assets which are under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

The Group depreciates property, plant and equipment on a straight-line basis over the useful lives as estimated by the management. The residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The useful lives estimated by the management are as follows:

Leasehold property improvements:	7 years or period of lease, whichever is less
Property, plant and equipment:	
- Electric installation	5 years
- Networking equipment's	5 years
- Furniture and fittings	7 years
- Computer hardware	3 years
- Vehicles	7 years
- Office equipment	5 years

j) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value may not be recoverable.

Amortisation is calculated so as to write off the cost of intangible assets over their estimated useful lives, using the straight line method, on the following bases:

- Software	Lower of license period or 3 years

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k) Leases

Group as lessee

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract or of part of contract, conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in consolidated statement of profit or loss.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in consolidated statement of financial position and lease payments have been classified as financing activity under cash flow statement.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)
Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and
(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively.

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Accounting for the rent concessions as lease modifications would have resulted in the Group re-measuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

l) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

All financial instruments are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Cash and bank balances

Cash and bank balance comprise cash in hand and in banks and demand deposits with banks. For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, in banks and demand deposits with banks with an original maturity of three months or less.

Loans and receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. Loans and other receivable with maturity greater than 12 months after the balance sheet date are classified as non-current assets. Loans and other receivables are subsequently carried at amortised cost using the effective interest method.

Interest income

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income included under the head other income in the consolidated statement of profit & loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Impairment

Financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and accrued income. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

(ii) Definition of default

The Group considers that default has occurred when a financial asset is more than 120 days past due

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unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(iv) Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in consolidated statement of profit or loss.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the

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liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

o) Employee benefits

a) Social security plans

Employer's Contributions payable to the social security plans, which are a defined contribution scheme, are charged to the consolidated statement of profit or loss in the year in which the employee renders services. The Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee.

b) Compensated absences

The employees of the Group are entitled for compensated absence. The employees can carry forward a portion of the unutilized accumulating compensated absence and utilize it in future years or receive cash at retirement or termination of employment.

The Group records an obligation for compensated absence in the year in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The Group recognizes accumulated compensated absence based on actuarial valuation. The Group recognizes actuarial gains and losses immediately in the consolidated statement of profit or loss. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

p) Government grant

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

q) Business combination, Goodwill and Intangible assets

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

a) Goodwill

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the excess is negative, it is considered as a bargain purchase gain.

b) Intangible assets

IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

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Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

r) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences, management expertise and other contributing factors, the results which form the basis of making judgments about the carrying value of assets and liabilities that may not be readily apparent from other sources. Actual results may differ from these estimates.

a. *Provision for tax*

The Group's major tax jurisdiction is USA. Significant judgments are involved in determining the provision for income taxes. Also refer to note 21.

b. *Business Combination and Intangible Assets*

Business combinations are accounted for using IFRS 3 - 'Business Combinations'. IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the fair value of contingent consideration and intangible assets.

c. *Leases*

The Group considers all the extension-options under the commercial contract for determining the lease-term which forms the basis for the measurement of right-of-use asset and the corresponding lease-liability.

s) New and amended IFRS Standards that are effective for the current year

Definition of a Business (Amendments to IFRS 3)

Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after 1 January 2020. The Group has applied the revised definition of a business for acquisitions occurring on or after 1 January 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 *Business Combinations*. The amendments do not permit the Group to reassess whether acquisitions occurring prior to 1 January 2020 met the revised definition of a business. No Group's business combinations occurred during the year ended 31 December 2020.

Other standards

New standards and amendments that have been adopted in the annual consolidated financial statements for the year ended December 31, 2020, but have not had a significant effect on the Group are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

t) New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRS that have been issued but are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	1 January 2022
Amendments to IAS 1 Presentation of Financial Statements which clarify the criteria used to determine whether liabilities are classified as current or non-current	1 January 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments should have no material impact on the consolidated financial statements of the Group in the year of initial application.

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3a. Property, plant and equipment

(Amount in USD)

Particulars	Leasehold improvements	Electric installation	Networking equipments	Furniture and fittings	Computer hardware	Vehicles	Office equipment	Total
At cost								
Gross carrying value								
As at January 1, 2019	121,084	26,820	551,428	154,418	484,820	168,240	72,398	**1,579,208**
Additions	-	-	454,495	-	14,338	-	-	**468,833**
Deletions	-	(23,854)	(65,437)	-	(112,745)	-	(8,936)	**(210,972)**
As at December 31, 2019	**121,084**	**2,966**	**940,486**	**154,418**	**386,413**	**168,240**	**63,462**	**1,837,069**
Additions	-	-	488,771	-	18,444	-	-	**507,215**
Deletions	-	-	-	-	-	-	-	**-**
As at December 31, 2020	**121,084**	**2,966**	**1,429,257**	**154,418**	**404,857**	**168,240**	**63,462**	**2,344,284**
Accumulated depreciation								
As at January 1, 2019	120,373	26,820	357,550	137,565	395,825	168,240	49,064	**1,255,437**
Charge for the year	535	-	81,451	12,396	53,175	-	8,383	**155,940**
Deletions	-	(23,854)	(65,437)	-	(107,832)	-	(8,936)	**(206,059)**
As at December 31, 2019	**120,908**	**2,966**	**373,564**	**149,961**	**341,168**	**168,240**	**48,511**	**1,205,318**
Charge for the year	176		141,752	4,303	30,404	-	6,321	**182,956**
Deletions	-	-	-	-	-	-	-	**-**
As at December 31, 2020	**121,084**	**2,966**	**515,316**	**154,264**	**371,572**	**168,240**	**54,832**	**1,388,274**
Net carrying value								
As at December 31, 2019	**176**	**-**	**566,922**	**4,457**	**45,245**	**-**	**14,951**	**631,751**
As at December 31, 2020	**-**	**-**	**913,941**	**154**	**33,285**	**-**	**8,630**	**956,010**

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3b. Right-of-use assets (Amount in USD)

Particulars	Building
At cost	
Gross carrying value	
As at January 1, 2019	384,987
Additions	-
As at December 31, 2019	**384,987**
Additions	67,892
Deletions	(316,091)
As at December 31, 2020	**136,788**
Accumulated depreciation	
As at January 1, 2019	-
Charge for the year	150,979
As at December 31, 2019	**150,979**
Charge for the year	124,490
Deletions	(189,788)
As at December 31, 2020	**85,681**
Net carrying value	
As at December 31, 2019	**234,008**
As at December 31, 2020	**51,107**

3c. Goodwill

(Amount in USD)

Particulars	Total
As at January 1, 2019	-
Additions through Acquisition (refer to Note 26)	1,443,597
As at December 31, 2019	**1,443,597**
Impairment of Goodwill (refer to Note 26)	(1,443,597)
As at December 31, 2020	-

3d. Intangible assets (Amount in USD)

Particulars	Softwares	Non-compete	Total
At cost			
Gross carrying value			
As at January 1, 2019	288,113	-	288,113
Additions through Acquisition (refer to Note 26)	-	983,377	983,377
Additions	-	-	-
Deletions	(102,151)	-	(102,151)
As at December 31, 2019	**185,962**	**983,377**	**1,169,339**
Additions	10,626	-	10,626
Deletions	(38,647)	-	(38,647)
As at December 31, 2020	**157,941**	**983,377**	**1,141,318**
Accumulated amortization			
As at January 1, 2019	288,113	-	288,113
Charge for the year	-	196,675	196,675
Deletions	(102,151)	-	(102,151)
As at December 31, 2019	**185,962**	**196,675**	**382,637**
Charge for the year	30	196,675	196,705
Deletions	(38,647)	-	(38,647)
As at December 31, 2020	**147,345**	**393,350**	**540,695**
Net carrying value			
As at December 31, 2019	-	**786,702**	**786,702**
As at December 31, 2020	**10,596**	**590,027**	**600,623**

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4. Other financial assets (carried at amortised cost)

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Advance to related parties (refer to Note 24)	46,089	145,502
Loan to related party (refer to Note 24)	128,429	196,277
Bank deposits (refer to Note 8)	480,000	720,000
Unbilled revenue	73,248	29,622
Staff advance	67,798	28,610
Security deposit	6,976	6,976
Interest accrued on bank deposits	14,643	36,370
Others	51,176	17,736
	868,359	**1,181,093**
Non-current	486,776	720,000
Current	381,583	461,093
	868,359	**1,181,093**

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5. Deferred tax assets (net)

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Deferred tax assets	506,524	283,521
Deferred tax liabilities	(64,855)	(151,243)
Deferred tax asset (net)	**441,669**	**132,278**

2020	**Opening balance**	**Credited / (charged) to profit or loss**	**Closing balance**
Deferred tax asset / (liability) in relation to			
Provision for compensated absences	183,492	9,829	193,321
Adjustment for change in the tax accounting method	(95,455)	30,600	(64,855)
Lease liability under IFRS 16	3,311	(2,311)	1,000
Provision for doubtful debts	12,661	(1,225)	11,436
Brought forward business losses	84,057	120,859	204,916
Difference between accounting base and tax base for depreciable assets	(55,788)	151,639	95,851
Total	**132,278**	**309,391**	**441,669**

2019	**Opening balance**	**Impact of initial application of IFRS 16**	**Revised opening balance**	**Addition through Acquisition (refer to Note 26)**	**Credited / (charged) to profit or loss**	**Closing balance**
Deferred tax asset / (liability) in relation to						
Provision for compensated absences	154,439	-	154,439	-	29,053	183,492
Adjustment for change in the tax accounting method	-	-	-	(114,656)	19,201	(95,455)
Lease liability under IFRS 16	-	3,818	3,818	-	(507)	3,311
Provision for doubtful debts	24,347	-	24,347	-	(11,686)	12,661
Brought forward business losses	-	-	-	-	84,057	84,057
Difference between accounting base and tax base for depreciable assets	(37,811)	-	(37,811)	-	(17,977)	(55,788)
Deferred tax asset (net)	**140,975**	**3,818**	**144,793**	**(114,656)**	**102,141**	**132,278**

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6. Other current assets

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Prepaid expenses	172,439	224,786
	172,439	**224,786**
Non-current	-	6,126
Current	172,439	218,660
	172,439	**224,786**

7. Trade receivables

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good	3,514,518	3,831,992
Credit impaired	43,242	45,243
Less: Provision for doubtful debts	(43,242)	(45,243)
	3,514,518	**3,831,992**

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts, which represents their fair values on initial recognition.

The Group assesses at the end of each reporting period whether there is objective evidence that trade receivables are impaired.

An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is recognised in the profit or loss.

Movement of provision for doubtful debts

	For the year ended December 31, 2020	For the year ended December 31, 2019
Balance at beginning of year	45,243	87,000
Amount written off against receivables	(24,903)	(100,086)
Provision for bad and doubtful debts (net)	22,902	58,329
Balance at end of the year	**43,242**	**45,243**

Age of impaired trade receivables

	As at December 31, 2020	As at December 31, 2019
91 to 180 days	393	395
181+ days	42,849	44,848
	43,242	**45,243**

Receivables that are past due but not impaired

The Group have trade receivables amounting to USD 1,221,425 (previous year USD 1,516,578) respectively that is past due at the end of reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follow:

	As at December 31, 2020	As at December 31, 2019
0-60 days	1,151,247	1,196,025
61-90 days	54,204	313,654
91 to 180 days	15,974	6,899
181+ days	-	-
	1,221,425	**1,516,578**

The Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Group estimates the following matrix at the reporting date.

Ageing	Default rate*
Not due-90 days	0.01%
90-180 days	0.27%
180-365 days	0.64%
More than 365 days	2.00%

*In case of probability of non-collection, default rate is 100%.

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8. Cash and bank balances

For the purposes of statement of cash flow, cash and bank balances include cash on hand and in banks. Cash and bank balances at the end of the financial year as shown in the statement of cash flow can be reconciled to the related items in the statement of financial position as follows:

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Balances with banks		
(i) In current accounts	5,483,764	1,354,388
(ii) In deposit accounts	1,645,000	4,229,000
	7,128,764	**5,583,388**
Less : Bank deposit with original maturity for more than 12 months (refer to Note 4)	(480,000)	(720,000)
Cash and bank balances	**6,648,764**	**4,863,388**
Less: Bank deposit with original maturity for more than 3 months but less than 12 months	(1,165,000)	(3,509,000)
Cash and bank balances for the purpose of cash flow	**5,483,764**	**1,354,388**

9. Share capital

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Common stock		
Authorised		
5,000 (Previous year 5,000) common stock at "no par value"	-	-
	-	-
Issued, subscribed and fully paid up		
2,150 (Previous year 2,150) common stock at "no par value"	1,537,401	1,537,401
	1,537,401	**1,537,401**

Notes

The Group has only one class of ordinary shares. Each holder of ordinary share is entitled to one vote per share and carry a right to dividends.

10. Retained earnings

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Opening balance	7,654,238	7,918,875
Less: Impact of initial application of IFRS 16	-	(9,832)
Add: Loss for the year	(1,063,636)	(254,805)
Total	**6,590,602**	**7,654,238**

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11. Borrowings (at amortised cost)

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
PPP Forgivable Loan	2,300,177	-
	2,300,177	**-**
Non-current	826,615	-
Current	1,473,562	-
	2,300,177	**-**

PPP forgivable loan is unsecured and carries interest @ 1% per annum. The loan has been obtained under the Paycheck Protection Program (PPP) by Small Business Administration, United States of America ("SBA"). The aforesaid PPP loan is forgivable subject to certain conditions specified in the agreement. The unforgivable amount if any, is repayable by May 2022.

The Company has applied for the forgiveness as specified in the loan agreement and will account for the same post its confirmation from SBA. This accounting treatment is in accordance with IAS-20 "Accounting for Government Grants and Disclosure of Government Assistance".

12. Other financial liabilities

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Payable to related parties (refer to Note 24)	10,175	11,464
Advance from Customer	54,056	32,584
Lease liabilities	54,892	256,338
Contingent consideration (refer to Note 23 b)	605,783	1,628,054
	724,906	**1,928,440**
Non-current	612,215	1,628,054
Current	112,691	300,386
	724,906	**1,928,440**

13. Trade and other payables

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Trade and other payables	1,607,132	1,435,715
	1,607,132	**1,435,715**

Trade and other payables are non-interest bearing and trade payables are normally settled on 30 to 60 days' terms.

14. Provisions

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Provision for compensated absences	730,971	655,712
	730,971	**655,712**
Non-current	-	-
Current	730,971	655,712
	730,971	**655,712**

15. Other liabilities

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Statutory dues payable		
401K contribution payable	18,619	17,816
Sales tax payable	5,532	9,240
Unearned revenue	-	131,250
	24,151	**158,306**
Non-current	-	-
Current	24,151	158,306
	24,151	**158,306**

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R SYSTEMS, INC.

16. Revenue from operations

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Rendering of services	23,629,463	25,811,521
	23,629,463	**25,811,521**

17. Other income

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income on financial assets at amortised cost		
- Bank deposit	50,087	106,026
- Others	7,152	10,441
Liability no longer required written back	560	44,146
Profit on discard of right-of-use assets	31,467	-
Miscellaneous income	42,249	16,290
	131,515	**176,903**

18. Depreciation and amortisation expense

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Depreciation on property, plant and equipment	182,956	155,939
Depreciation of right-of-use assets	124,490	150,979
Amortization of intangible assets	196,705	196,675
	504,151	**503,593**

19. Finance costs

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest expense on lease liabilities	7,764	16,723
Interest on fair value of contingent consideration	168,971	155,275
Interest on borrowings	15,277	-
	192,012	**171,998**

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R SYSTEMS, INC.

20. Expenses by nature

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Employee benefits (refer to Note 1 below)	13,773,904	15,269,171
Sub-contracting expenses (refer to Note 2 below)	8,119,367	7,714,238
Power and fuel	6,950	7,297
Rent - premises	65,631	43,514
Rent - equipments	4,367	5,910
Rates and taxes	38,203	31,240
Insurance	36,406	54,651
Repair and maintenance	113,780	140,966
Advertising and sales promotion	447,255	269,374
Travelling and conveyance	479,203	1,133,929
Communication costs	167,180	130,813
Printing and stationery	1,707	2,241
Legal and professional fees	624,638	562,443
Auditors' remuneration	31,533	28,984
Provision for bad and doubtful debts (net)	22,902	53,328
Recruitment and training expenses	76,420	60,811
Membership and subscription	20,848	22,333
Bank charges	15,165	14,035
Miscellaneous expenses	522	837
	24,045,981	**25,546,115**
Note 1: Employee benefits		
Salaries and wages	12,889,804	14,101,900
Contribution towards 401K plan	60,498	42,325
Staff welfare expense	823,602	1,124,946
	13,773,904	**15,269,171**
The employee benefits are recognized in the following line items in the statement of profit or loss:		
Cost of revenues	11,089,627	12,642,571
Selling, general and administrative expenses	2,684,277	2,626,600
	13,773,904	**15,269,171**
Note 2: Sub-contracting expenses		
Outsourcing expenses third party	4,075,680	4,812,470
Outsourcing expenses from fellow subsidiary companies	3,672,095	2,252,040
Outsourcing expenses from R Systems International Limited	371,592	649,728
	8,119,367	**7,714,238**
The Sub-contracting expenses are recognized in the following line items in the statement of profit or loss:		
Cost of revenues	7,807,775	7,301,510
Selling, general and administrative expenses	311,592	412,728
	8,119,367	**7,714,238**
Note 3: Travelling and conveyance		
Travelling and conveyance expenses are recognized in the following line items in the statement of profit or loss:		
Cost of revenues	93,743	227,464
Selling, general and administrative expenses	385,460	906,465
	479,203	**1,133,929**
Note 4: Break up of expenses		
Cost of revenues (A)		
Employee benefits	11,089,627	12,642,571
Sub-contracting expenses	7,807,775	7,301,510
Travelling and conveyance	93,743	227,464
	18,991,145	**20,171,545**
Selling, general and administrative expenses (B)		
Employee benefits	2,684,277	2,626,600
Sub-contracting expenses	311,592	412,728
Travelling and conveyance	385,460	906,465
Others	1,673,507	1,428,777
	5,054,836	**5,374,570**
Total expenses (A+B)	**24,045,981**	**25,546,115**

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R SYSTEMS, INC.

21. Exceptional items (net) (refer to Note 26)

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Impairment of Goodwill	1,443,597	-
Other fair value gain on contingent consideration	(1,191,241)	-
	252,356	-

22. Taxation

The provision for income taxes for the years ended December 31, 2020 and 2019 consisted of the following:

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Components of income tax expense		
Current income tax expense		
In respect of the current year	126,400	116,679
In respect of the prior periods	13,106	6,984
Deferred tax		
In respect of the current year	(309,392)	(111,252)
In respect of the prior periods	-	9,112
Income tax expense/(credit)	**(169,886)**	**21,523**
Reconciliation of income tax charge to accounting profit:		
Profit before tax	(1,233,522)	(233,282)
Effective income tax rate in USA	26.45%	27.98%
Expected tax expense	(326,230)	(65,272)
Adjustment of current tax of prior periods	13,106	16,096
Tax provision due to state filings (refer Note below)	126,400	95,469
Others (net)	16,838	(24,770)
	(169,886)	**21,523**

Break up of effective tax rate:

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Federal statutory rate	21.00%	21.00%
State tax rate, net of federal benefit	5.45%	6.98%
Effective income tax rate	26.45%	27.98%

Note:

For certain states, the Group files tax retun along with RSIL and fellow subsidiary company R Systems Technologies Ltd., USA, under the unitary methodology. The provision in such states have been computed using consolidated profit of RSIL and allocated to the Group based on its share from the respective state.

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23. Financial instruments and risk management

a) Categories of financial instruments

The Group has the following categories of financial instruments, measured at amortised cost, at the balance sheet date:

(Amount in USD)

	Basis of measurement	As at December 31, 2020		As at December 31, 2019		Fair Value hierarchy
		Carrying value	Fair value	Carrying value	Fair value	
Financial assets						
Trade receivables	Amortised cost	3,514,518	3,514,518	3,831,992	3,831,992	
Cash and bank balances	Amortised cost	6,648,764	6,648,764	4,863,388	4,863,388	
Other financial assets	Amortised cost	868,359	868,359	1,181,093	1,181,093	
		11,031,641	**11,031,641**	**9,876,473**	**9,876,473**	
Financial liabilities						
Borrowings	Amortised cost	2,300,177	2,300,177	-	-	
Trade and other payables	Amortised cost	1,607,132	1,607,132	1,435,715	1,435,715	
Contingent consideration	Fair value	605,783	605,783	1,628,054	1,628,054	Level 3
Other financial liabilities	Amortised cost	119,123	119,123	1,928,440	1,928,440	
		4,632,215	**4,632,215**	**4,992,209**	**4,992,209**	

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

b) Fair value measurement using significant Unobseravable Inputs (Level 3)

The following table presents the changes in level 3 items for the year ended December 31, 2020:

Contingent consideration for business acquisition	Amount in USD
As at January 1, 2019	-
Acquisition of Innovizant LLC (refer to Note 26)	1,472,778
Interest on fair value of contingent consideration	155,275
As at December 31, 2019	**1,628,053**
Interest on fair value of contingent consideration	168,971
Other fair value gain on contingent consideratio (refer to Note 26)	(1,191,241)
As at December 31, 2020	**605,783**

c) Valuation inputs and relationships to fair value

(Amount in USD)

Particulars	Fair value as at December 31,		Significant unobservable inputs	Probability-weighted range as at December 31,		Sensitivity
	2020	2019		2020	2019	
Contingent consideration on Innovizant LLC acquisition	605,783	1,628,053	Expected cash outflows	685,000	1,905,000	If expected cash flows were 10% lower, the FV would decrease by USD 60,578 (2019 USD 162,805).
			Discount rate	10.40%	10.40%	A decrease / increase in discount rate by 100 bps would increase / decrease the FV by USD 6,832/ USD 6,687 (2019 USD 23,353/ USD 22,756), respectively.

d) Financial risk factors and risk management objectives

The Group's activities expose it to foreign currency risk, credit risk, interest risk, market risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies. The Group has limited exposure to movements in foreign currency exchange rates arising from normal trading transactions. Therefore, the risk associated with the movement of foreign exchange rates has no significant impact on the Group.

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R SYSTEMS, INC.

23. Financial instruments and risk management (Contd.)

Credit risk

Credit risk is the risk that a counter-party will cause a financial loss to the Group by failing to discharge its obligation to the Group. The Group trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification reviews. Customer balances are reviewed regularly to ensure that the risk of exposure to bad debts is minimised. The maximum exposure to credit risk for trade and other receivables, bank balances and other financial assets is represented by their carrying amount.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from top customer	1,619,947	2,878,498
Revenue from top 5 customers	6,267,115	8,514,452

No customer accounted for more than 10% of the revenue during year ended December 31, 2020 and One customer accounted for more than 10% of the revenue during year ended December 31, 2019. No customer accounted for more than 10% of the receivables for the year ended December 31, 2020 and One customer accounted for more than 10% of the receivables for the year ended December 31, 2019.

Interest rate risk

The Group has no exposure to interest rate risk as it does not have any floating interest bearing borrowings/ investments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rate, prices and interest rates.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group has given responsibility of liquidity risk management to the Board of Directors who have formulated liquidity management tools to service this requirement. Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows. In addition, the Group benefits from strong cash flow from its normal trading activities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Less than 1 year		
Trade and other payables	1,607,132	1,435,715
Borrowings	1,473,562	-
Other financial liabilities	112,691	300,386
	3,193,385	**1,736,101**
More than 1 year		
Borrowings	826,615	-
Other financial liabilities	612,215	1,628,054
	1,438,830	**1,628,054**

e) Capital risk management

The Group aims to manage its overall capital so as to ensure the Group continues to operate as a going concern, whilst providing an adequate return to shareholders. The Group's overall strategy remains unchanged for 2020 and it is not subject to externally imposed capital requirements. The Group's capital structure is as follows:

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Total shareholder fund attributable to the common stock holders	**8,128,003**	**9,191,639**
As percentage of total capital	**77.53%**	**97.29%**
Borrowings (including current maturities)	2,300,177	-
Lease liabilities (including current maturities)	54,892	256,338
Total borrowings and lease liabilities	**2,355,069**	**256,338**
As percentage of total capital	**22.47%**	**2.71%**
Total capital (equity, borrowings and lease liabilities)	**10,483,072**	**9,447,977**

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R SYSTEMS, INC.

24. Related party disclosures

i) Names of related parties

Parent entity	**R Systems International Limited, India**
Fellow subsidiaries	**Following are the subsidiaries of R Systems International Limited, India** R Systems (Singapore) Pte Ltd, Singapore R Systems Technologies Limited, USA R Systems Consulting Services Limited, Singapore (formerly known as ECnet Limited, R Systems Computaris International Limited, UK (formerly known as Computaris International Limited, UK) RSYS Technologies Limited, Canada IBIZ Consultancy Services India Private Limited, India **Following is the subsidiary of R Systems Inc., USA** - Innovizant LLC, USA (100% membership interest held by R Systems Inc. USA effective January 1, 2019) **Following are the subsidiaries of R Systems Consulting Services Limited, Singapore (formerly known as ECnet Limited, Singapore)** - R Systems Consulting Services (M) Sdn. Bhd., Malaysia (formerly known as ECnet (M) Sdn. Bhd. Malaysia) - R Systems Consulting Services (Thailand) Co., Ltd., Thailand (formerly known as ECnet Systems (Thailand) Co. Ltd., Thailand) - ECnet (Shanghai) Co. Ltd., People's Republic of China - R Systems Consulting Services (Hong Kong) Ltd., Hong Kong (formerly known as ECnet (Hong Kong) Ltd., Hong Kong) - R Systems Consulting Services Kabushiki Kaisha, Japan (formerly known as ECnet Kabushiki Kaisha, Japan) - ECnet, Inc., USA (liquidated on January 28, 2019) **Following are the subsidiaries of R Systems Computaris International Limited, UK** - R Systems Computaris Europe S.R.L., Romania (formerly known as Computaris Romania Srl, Romania) - R Systems Computaris Poland Sp. Z O.O, Poland (Formerly known as Computaris Polska Sp Z O.O., Poland) - R Systems Computaris S.R.L, Moldova (formerly known as ICS Computaris International Srl, Moldova) - R Systems Computaris Malaysia Sdn. Bhd., Malaysia (formerly known as Computaris Malaysia Sdn. Bhd., Malaysia) - R Systems Computaris Philippines Pte. Ltd. Inc., Phillippines (formerly known as Computaris Philippines Pte. Ltd. Inc., Philippines) - R Systems Computaris Suisse Sarl, Switzerland (previously known as Computaris Suisse Sarl, Switzerland) **Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore** R Systems IBIZCS Pte. Ltd., Singapore (formerly known as IBIZ Consulting Pte Ltd) with the following step down subsidiaries: - IBIZ Consulting Services Pte Ltd, Singapore - R Systems IBIZCS Sdn. Bhd., Malaysia (formerly known as IBIZ Consulting Services Sdn. Bhd., Malaysia) - PT. R Systems IBIZCS International, Indonesia (formerly known as PT. IBIZCS Indonesia, Indonesia) - IBIZ Consulting (Thailand) Co. Ltd., Thailand (with effect from June 21, 2019) - IBIZ Consulting Services Limited, Hong Kong (IBIZ HK) - IBIZ Consulting Services (Shanghai) Co. Ltd., People's Republic of China (wholly owned subsidiary of IBIZ HK)

Names of other related parties with whom transactions have taken place during the year:

Key management personnel	Satinder Singh Rekhi, Director Harpreet Rekhi, Director Sartaj Singh Rekhi, Director Vinay Narjit Singh Behl, Director Ruchika Gupta, Director
Relatives of key management personnel	Ramneet Singh Rekhi, President - R Systems (related to Satinder Singh Rekhi)

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ii) **Details of transactions with related parties for the year ended December 31, 2020 and December 31, 2019:**

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Information technology services rendered to		
R Systems Computaris International Limited, UK	-	822,332
R Systems Computaris Europe S.R.L, Romania	1,621,280	828,490
PT. R Systems IBIZCS International, Indonesia	-	12,605
Total	**1,621,280**	**1,663,427**
Information technology services received from		
R Systems Technologies Ltd., USA	3,009,151	1,888,274
RSYS Technologies Ltd., Canada	662,944	363,766
R Systems International Limited, India	60,000	237,000
Total	**3,732,095**	**2,489,040**
Off-shore support services received from		
R Systems International Limited, India	338,688	439,824
Total	**338,688**	**439,824**
Loan repaid by		
R Systems Technologies Ltd., USA	67,848	114,560
Total	**67,848**	**114,560**
Interest income		
R Systems Technologies Ltd., USA	7,152	10,441
Total	**7,152**	**10,441**
Transfer of assets		
R Systems Computaris Europe S.R.L, Romania	-	4,802
Total	-	**4,802**
Travel & other expenses reimbursed by the Group to		
RSYS Technologies Ltd., Canada	954	6,571
R Systems Technologies Ltd., USA	1,327	9,193
R Systems International Limited, India	35,193	64,204
R Systems Consulting Services Limited, Singapore	11,956	22,988
Total	**49,430**	**102,956**
Travel & other expenses reimbursed to the Group by		
R Systems Technologies Ltd., USA	32,612	57,967
R Systems International Limited, India	292,545	677,739
RSYS Technologies Ltd., Canada	17,075	81,831
R Systems Computaris International Limited, UK	-	31,809
R Systems Computaris Europe S.R.L, Romania	40,779	36,090
R Systems Consulting Services Limited, Singapore	-	3,466
Total	**383,011**	**888,902**
Other services		
Vinay Narjit Singh Behl	71,086	58,455
Total	**71,086**	**58,455**
Remuneration to key management personnel		
Short term employee benefit	278,794	338,575
Other long term employee benefit	10,743	264
Total	**289,537**	**338,839**
Rent		
Satinder Singh Rekhi & Harpreet Rekhi	79,200	79,200
Total	**79,200**	**79,200**

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R SYSTEMS, INC.

iii) Details of balances of related parties as at December 31, 2020 and December 31, 2019:

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Trade receivable		
R Systems Computaris Europe S.R.L, Romania	229,048	179,619
PT. R Systems IBIZCS International, Indonesia	-	3,123
R Systems Computaris International Limited, UK	-	48,369
Total	**229,048**	**231,111**
Trade payable		
RSYS Technologies Ltd., Canada	71,223	33,707
R Systems International Limited, India	17,000	4,200
R Systems Technologies Ltd., USA.	452,273	121,427
Total	**540,496**	**159,334**
Loan given to		
R Systems Technologies Ltd., USA*	128,429	196,277
Total	**128,429**	**196,277**

*The loan bears interest at 5% per annum and is repayable on demand. The maximum amount outstanding during 2020 and 2019 was USD 198,730 and USD 310,837 respectively.

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Other receivables		
RSYS Technologies Ltd., Canada	4,106	8,961
R Systems International Limited, India	12,483	117,366
R Systems Computaris Europe S.R.L, Romania	23,350	3,632
R Systems Computaris International Limited, UK	-	7,984
R Systems Technologies Ltd., USA.	6,150	7,559
Total	**46,089**	**145,502**
Other financial liabilities		
R Systems Consulting Services Limited, Singapore	10,175	11,464
Total	**10,175**	**11,464**

R SYSTEMS, INC.

25. Employee Benefit

The Group has calculated the benefits provided to employees as under:

A. Defined contribution plans

The Group contibutes to a defined contribution retirement scheme, qualified under Section 401(k) of the Internal Revenue Code, for certain eligible employees. Pursuant to the scheme, eligible employees may contribute a portion of their compensation, subject to a maximum amount per year as specified by law. The Group provides a matching contribution based on specified percentages of amounts contributed by participants. In addition to the matching contributions, the Group, at its discretion, can provide profit-sharing contributions. During the years ended December 31, 2020 and 2019 there were no discretionary contributions made.

During the year the Group has recognised the following amounts in the statement of profit and loss:

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
401(k) contribution	60,498	42,325

B. Compensated absences

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	As at December 31, 2020	As at December 31, 2019
Discount rate(s)*	0.69%	2.11%
Rate of increase in compensation level	3.50%	3.50%
Average Expected Future Working life (Years)	3.93	3.92

***Discount rate**

Under IAS 19 R, the discount rate is deteremined by reference to market yields at the end of the reporting period on high quality corporate bonds (or, in countries where there is no deep market in such bonds, government bonds) of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Components of expenses recognised in the statement of profit or loss in respect of:

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Current service cost	223,535	217,185
Past service cost	-	-
Loss/(gain) on settlement	-	-
Net interest cost/(income) on the net defined benefit liability/(asset)	12,069	17,420
Immediate Recognition of (Gains)/ Losses - Other Long Term Benefits	12,154	(48,519)
Expenses recognised in profit and loss	**247,758**	**186,086**

The amount included in the balance sheet arising from the entity's obligation in respect of compensated absence is as follows:

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Present value of obligation	730,971	655,712
Fair value of plan assets	-	-
Deficit/ (Surplus)	730,971	655,712
Effects of asset ceilling, if any	-	-
Net liability / (asset)	730,971	655,712

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Movement in the present value of obligation for accumulated compensated absences is as follows:

(Amount in USD)

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Present value of obligation as at the beginnig	655,712	551,890
Current service cost	223,536	217,185
Interest expense or cost	12,069	17,420
Re-measurement (or actuarial) (gain) / loss arising from:		
- change in financial assumptions	35,604	32,056
- experence variance	(23,450)	(80,574)
Benefits paid	(172,500)	(82,265)
Present value of obligation as at the end	**730,971**	**655,712**

Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonable possible changes in respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

Sensitivity analysis

The following table represents the obligation for accumulated compensated absences due to change in:

(Amount in USD)

Particulars	As at December 31, 2020	As at December 31, 2019
Discount rate		
a. Discount rate - 50 basis points	744,476	666,918
b. Discount rate + 50 basis points	714,991	644,918
Salary increase rate		
a. Rate - 50 basis points	718,291	645,013
b. Rate + 50 basis points	744,018	666,235

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R SYSTEMS, INC.

26. R Systems, Inc. (a wholly owned subsidiary of the RSIL) had completed the acquisition of 100% interest in Innovizant LLC, (Innovizant) effective January 1, 2019. Innovizant is engaged in providing IT Services focused on advanced analytics, data engineering, and digital connected systems.

In accordance with agreement, the R Systems, Inc. had paid USD 1 million at closing of the transaction and accrued contingent consideration of USD 1.91 million payable over the next three years on fulfillment of certain conditions. Further, R Systems, Inc. had paid an additional amount of USD 0.37 million as working capital adjustment as per the agreement.

Details of the purchase consideration, assets and liabilities recognised and goodwill are as follows:

Particulars	Amount in USD
Initial consideration	1,000,000
Adjustment of working capital	373,156
Contingent consideration*	1,472,778
Total purchase consideration (Total A)	**2,845,934**
Assets, liabilities and Intangible Assets recognised on acquisition are as follows:	
Identifiable Assets	
Non-Compete Agreement	983,377
Cash and cash equivalents	238,703
Trade receivables	477,153
Other current financial assets	43,165
Total Identifiable Assets (Total B)	**1,742,398**
Identifiable Liabilities	
Trade payables	57,171
Other current financial liabilities	100,078
Other current liabilities	43,487
Current tax liability (net)	24,668
Deferred tax liabilities (net)	114,657
Total Identifiable Liabilities (Total C)	**340,061**
Net Identificable assets acquired D = (B-C)	**1,402,337**
Goodwill	**1,443,597**

* Contingent consideration is payable on achievement of pre-determined business target. As at December 31, 2019, Management has estimated that these targets will be achieved and valued the consideration by applying a discount rate of 10.40% p.a.

All profits / losses relating to Innovizant subsequent to the date of acquisition are included in these consolidated financial statements.

During the year ended December 31, 2020, the management has reversed the earn out payable amounting to USD 1,191,241 which is not due to the ex-shareholder of Innovizant, basis the conditions specified in the agreement. The management has assessed the carrying value of goodwill recognised on acquisition and has impaired USD 1,443,597 as the expected recoverable value is less than the carrying value of the asset due to non-achievement of thresholds as specified in the agreement.

The impairment charge, net off the reversal of earn out payable has been disclosed as "Exceptional items-net" in the Consolidated Statement of Profit and Loss.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

R SYSTEMS, INC.

27. Entity wise Financial Position

(Amount in USD)

Particulars	As at December 31, 2020				As at December 31, 2019			
	R Systems, Inc.	Innovziant LLC	Consolidated Adjustment / Elimination	Total	R Systems, Inc.	Innovziant LLC	Consolidated Adjustment / Elimination	Total
ASSETS								
A. Non-current assets								
(a) Property, plant and equipment	926,043	29,967	-	956,010	593,827	37,924	-	631,751
(b) Right-of-use assets	51,107	-	-	51,107	77,392	156,616	-	234,008
(c) Goodwill	-	-	-	-	-	-	1,443,597	1,443,597
(d) Other Intangible assets	10,597	-	590,026	600,623	-	-	786,702	786,702
(e) Financial assets								
(i) Investment	1,402,337	-	(1,402,337)	-	2,845,934	-	(2,845,934)	-
(i) Other financial assets	486,776	-	-	486,776	720,000	-	-	720,000
(f) Deferred tax assets (net)	346,981	(9,341)	104,029	441,669	114,572	(37,329)	55,035	132,278
(g) Other non-current assets	-	-	-	-	6,126	-	-	6,126
Total non-current assets (A)	**3,223,841**	**20,626**	**(708,282)**	**2,536,185**	**4,357,851**	**157,211**	**(560,600)**	**3,954,462**
B. Current assets								
(a) Financial assets								
(i) Trade receivables	3,514,518	-	-	3,514,518	3,780,862	80,874	(29,744)	3,831,992
(ii) Cash and bank balances	6,540,272	108,492	-	6,648,764	4,631,422	231,966	-	4,863,388
(iii) Other financial assets	443,008	223	-	381,583	449,764	28,742	(17,413)	461,093
(b) Current tax assets (net)	263,304	(1,453)	-	261,851	41,670	(1,453)	-	40,217
(c) Other current assets	172.439	-	-	172.439	218.660	-	-	218.660
Total current assets (B)	**10,933,541**	**107,262**	**-**	**10,979,155**	**9,122,378**	**340,129**	**(47,157)**	**9,415,350**
Total assets (A+B)	**14,157,382**	**127,888**	**(708,282)**	**13,515,340**	**13,480,229**	**497,340**	**(607,757)**	**13,369,812**
EQUITY AND LIABILITIES								
A. Capital and reserve								
(a) Share capital	1,537,401	418,961	(418,961)	1,537,401	1,537,401	418,961	(418,961)	1,537,401
(b) Retained earnings	7,175,848	(295,925)	(289,321)	6,590,602	7,958,819	(162,942)	(141,639)	7,654,238
Total capital and reserve (A)	**8,713,249**	**123,036**	**(708,282)**	**8,128,003**	**9,496,220**	**256,019**	**(560,600)**	**9,191,639**
B. Non-current liabilities								
(a) Financial liabilities								
(i) Borrowings	826,615	-	-	826,615	-	-	-	-
(ii) Other financial liabilities	612,215	-	-	612,215	1,628,054	-	-	1,628,054
	1,438,830	**-**	**-**	**1,438,830**	**1,628,054**	**-**	**-**	**1,628,054**
C. Current liabilities								
(a) Financial liabilities								
(i) Trade payables	1,603,830	3,302	-	1,607,132	1,396,082	69,517	(29,884)	1,435,715
(ii) Borrowings	1,473,562	-	-	1,473,562	-	-	-	-
(iii) Other financial liabilities	172,789	1,550	-	112,691	145,855	171,804	(17,273)	300,386
(b) Provisions	730,971	-	-	730,971	655,712	-	-	655,712
(c) Other current liabilities	24,151	-	-	24,151	158,306	-	-	158,306
Total current liabilities (B)	**4,005,303**	**4,852**	**-**	**3,948,507**	**2,355,955**	**241,321**	**(47,157)**	**2,550,119**
Total equity and liabilities (A+B)	**14,157,382**	**127,888**	**(708,282)**	**13,515,340**	**13,480,229**	**497,340**	**(607,757)**	**13,369,812**

28. Entity wise Statement of Profit or Loss and Other Comprehensive Income

(Amount in USD)

	For the year ended December 31, 2020				For the year ended December 31, 2019			
	R Systems, Inc.	Innvoziant LLC	Consolidated Adjustment / Elimination	Total	R Systems, Inc.	Innvoziant LLC	Consolidated Adjustment / Elimination	Total
Revenue from operations	23,629,463	38,838	(38,838)	23,629,463	24,001,433	1,952,279	(142,191)	25,811,521
Cost of revenues	(18,993,592)	(36,391)	38,838	(18,991,145)	(18,895,609)	(1,418,127)	142,191	(20,171,545)
Gross profit	**4,635,871**	**2,447**	-	**4,638,318**	**5,105,824**	**534,152**	-	**5,639,976**
Other income	100,048	31,467	-	131,515	176,901	2	-	176,903
Depreciation and amortisation expense	(268,234)	(39,242)	(196,675)	(504,151)	(261,275)	(45,643)	(196,675)	(503,593)
Finance costs	(187,168)	(4,844)	-	(192,012)	(164,123)	(7,875)	-	(171,998)
Selling general and administrative expenses	(4,904,036)	(150,800)	-	(5,054,836)	(4,655,146)	(719,424)	-	(5,374,570)
Profit / (loss) before tax and exceptional items (A)	**(623,519)**	**(160,972)**	**(196,675)**	**(981,166)**	**202,181**	**(238,788)**	**(196,675)**	**(233,282)**
Exceptional items (net) (B)	(252,356)	-	-	(252,356)	-	-	-	-
Profit / (loss) before tax [C = (A-B)]	**(875,875)**	**(160,972)**	**(196,675)**	**(1,233,522)**	**202,181**	**(238,788)**	**(196,675)**	**(233,282)**
Income tax expense / (credit) (D)	92,903	27,990	48,993	169,886	(152,405)	75,846	55,036	(21,523)
Profit / (loss) for the year (C-D)	**(782,972)**	**(132,982)**	**(147,682)**	**(1,063,636)**	**49,776**	**(162,942)**	**(141,639)**	**(254,805)**
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**(782,972)**	**(132,982)**	**(147,682)**	**(1,063,636)**	**49,776**	**(162,942)**	**(141,639)**	**(254,805)**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

R SYSTEMS, INC.

29. Estimation of uncertainties relating to the global health pandemic from COVID-19

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, intangible assets, and certain investments, the Group has considered internal and external information upto the date of approval of these consolidated financial results including credit reports and economic forecasts. The Group has performed sensitivity analysis on the assumption used and based on certain indicators of future economic conditions, the Group expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial results and the Group will continue to closely monitor any material changes to future economic conditions.

30. Subsequent events

The Group evaluated subsequent events for potential recognition and disclosure through February 16, 2021, the date the financial statements were issued.

For and on behalf of the Board of Directors of
R SYSTEMS, INC.

SATINDER SINGH REKHI
Director

Place: Singapore
Date : February 16, 2021

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS